

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 19

February 27, 1997, 12:35 pm
Page S-1697 Temp. Record

BALANCED BUDGET AMENDMENT/Debt Limit (Social Security)

SUBJECT: **Balanced Budget Constitutional Amendment . . . S. J. Res. 1. Hatch motion to table the Graham/Robb amendment No. 7.**

ACTION: MOTION TO TABLE AGREED TO, 59-39

SYNOPSIS: As reported, S. J. Res. 1, the Balanced Budget Constitutional Amendment: will require a three-fifths majority vote of both Houses of Congress to deficit spend or to increase the public debt limit; will require the President's annual proposed budget submission to be in balance; and will require a majority of the whole number of each House to approve any bill to increase revenue. Congress will be allowed to waive these requirements for any fiscal year in which a declaration of war is in effect. Congress will enforce and implement this amendment by appropriate legislation. The amendment will take effect in fiscal year 2002 or with the second fiscal year beginning after its ratification, whichever is later. The States will have 7 years to ratify the amendment. For related debate, see 103rd Congress, second session, vote Nos. 47-48, 104th Congress, first session, vote Nos. 62-63 and 65-98, and 104th Congress, second session, vote No. 158.

The Graham/Robb amendment would strike the clause, "held by the public" from section 2; section 2 states: "The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a rollcall vote." Debt "held by the public" refers to money that the Federal Government owes to other entities; striking the clause "held by the public" would require the consideration of debt that the Federal Government owes to itself as well as to the public. This formulation would require additional debt reduction of \$181 billion by 2002 (by Budget Committee estimates). Additionally, it would make it more difficult for Congress to balance the budget under its requirements because section 1 would not require the consideration of debt the Federal Government owes to itself. Finally, the eventual result of the amendment would be that it would allow Congress to accumulate \$2 trillion more in debt to the public by 2029 than it would be allowed to accumulate under the balanced budget amendment as drafted.

Debate was limited by unanimous consent. Following debate, Senator Hatch moved to table the Graham/Robb amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

(See other side)

YEAS (59)			NAYS (39)		NOT VOTING (2)	
Republicans (55 or 100%)	Democrats (4 or 9%)		Republicans (0 or 0%)	Democrats (39 or 91%)	Republicans (0)	Democrats (2)
Abraham	Hutchinson	Durbin		Akaka		Biden- ²
Allard	Hutchison	Kerrey		Baucus		Landrieu- ^{2AN}
Ashcroft	Inhofe	Kohl		Bingaman		
Bennett	Jeffords	Wyden		Boxer		
Bond	Kempthorne			Breaux		
Brownback	Kyl			Bryan		
Burns	Lott			Bumpers		
Campbell	Lugar			Byrd		
Chafee	Mack			Cleland		
Coats	McCain			Conrad		
Cochran	McConnell			Daschle		
Collins	Murkowski			Dodd		
Coverdell	Nickles			Dorgan		
Craig	Roberts			Feingold		
D'Amato	Roth			Feinstein		
DeWine	Santorum			Ford		
Domenici	Sessions			Glenn		
Enzi	Shelby			Graham		
Faircloth	Smith, Bob			Harkin		
Frist	Smith, Gordon			Hollings		
Gorton	Snowe					
Gramm	Specter					
Grams	Stevens					
Grassley	Thomas					
Gregg	Thompson					
Hagel	Thurmond					
Hatch	Warner					
Helms						

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

Those favoring the motion to table contended:

The Graham/Robb amendment is the most thoughtful amendment that has been offered during the course of this debate. Its sponsors brought it to our attention before bringing it to the floor, we discussed it, and we gave it very serious consideration. Unfortunately, though the goal of the amendment is laudable, there are four basic reasons we cannot give it our support.

First, we do not agree with the assumption on which it is predicated, which is that the United States will be unable or unwilling to preserve Social Security when it draws down its reserves between 2019 and 2029 unless it first reduces the debt held by the public by \$2 trillion (which is the effect that the Graham amendment would have before 2019, assuming it worked as intended; parenthetically, we note that between 2012 and 2019 Social Security will be a net drain on the budget because its tax collections will be less than its receipts; the only reason it will remain in the black is that it will be drawing large interest payments from the general fund on its Treasury notes). No Federal program enjoys the support that the Social Security program supports, and that support is going to grow astronomically as more people begin to depend on it for benefits instead of paying taxes into it. The notion that this area of the budget is doomed to fall under the budget ax is simply untenable.

The second problem with the Graham/Robb amendment is that it is unrealistic. We are not criticizing our colleagues for wanting to achieve this additional \$2 trillion deficit reduction between 2002 and 2019, but in the present political climate we believe that they are asking for the near impossible, which is the second problem we have with this amendment. By Budget Committee estimates, in order to have the budget balanced without allowing the public debt to increase by 2002, an additional \$181 billion in deficit reduction would have to be achieved. Then, in order to keep down the debt that the Federal Government owed to itself, another \$706 billion in savings would have to be found through 2007 (according to the Congressional Budget Office). Last Congress most Members supported one plan or another that proposed balancing the budget as called for under this amendment, but they did not endorse those plans easily. Each one of those plans made very difficult, unpopular choices to save hundreds of billions of dollars. None of those plans called for the additional \$887 billion in savings demanded by the Graham amendment. We do not see how they could have, given the amount of partisanship, gamesmanship, and general acrimony that surrounded the debate on the much more modest proposals that were considered.

The third problem we have with the Graham/Robb amendment is that it would destroy the internal consistency of the Balanced Budget Amendment, making it much more difficult to implement. Section 1 of the amendment forbids each year's outlays from exceeding its receipts. Under the Graham/Robb amendment, this section would not change--Social Security surpluses would still be counted. The assumption our colleagues make is that Members would have the spine to run surpluses in each year to the extent necessary to keep the public debt from rising. We find that assumption to be a bit questionable because there would be no supermajority vote requirement for them to do so. By simple majority votes they could match all outlays to all receipts (the unified budget), which would then lead to a later showdown to raise the debt limit under the three-fifths supermajority vote requirements of section 2. We think the Graham amendment would thus greatly increase the likelihood of yearly brinksmanship votes on the debt.

The fourth and final problem with the Graham amendment is that it would almost certainly result in a higher overall debt in 2029. Without the Graham amendment, the debt held by the public will be capped at \$4.74 trillion in 2002. Debt that the Federal Government owes to Federal programs, including Social Security, will not be included under that cap. Over the next 3 decades Social Security will run surpluses and then deficits before it goes broke (absent fixes) in 2029. In 2029, the debt held by the public will still be capped at \$4.74 trillion (unless it has been cut or has been increased by supermajority votes). Under the Graham amendment, though, total debt will be capped at \$6.785 trillion in 2002. Social Security surpluses will then rise by nearly \$2 trillion by 2019, which means that to fit under the \$6.785 trillion cap nearly a \$2 trillion reduction in other debt will have to be made. Most other debt that the Federal Government owes to itself is in trust funds that operate on a pay-go basis with a 1-year cushion. Cutting those funds debts would be the same as requiring cuts in their cushions, which would threaten their solvency. Therefore, all of that \$2 trillion in cuts would instead have to come out of the \$4.74 trillion in debt held by the public. Then, between 2019 and 2029, the Social Security funds would be completely drained. The nearly \$3 trillion portion of the \$6.7 trillion cap that would have been taken by Social Security in 2019 would be reduced to \$0. Our colleagues make the wildly optimistic assumption that the elimination of the Social Security trust funds would result in a \$3.9 trillion debt in 2029. However, we remind them that the cap would still be \$6.785 trillion throughout the 2020s, so Congress could increase the debt held by the public by simple majority votes at the same rate as the Social Security trust funds were depleted. Under the Graham amendment, the debt held by the public could equal \$6.785 trillion in 2029 instead of only the \$4.74 trillion allowed by the Balanced Budget Amendment as drafted.

Though the Graham/Robb amendment is flawed, it is not nearly as objectionable as earlier amendments that have been offered with the claim that they would "protect" Social Security. This amendment would not destroy Social Security, gut the Balanced Budget Amendment, and trash the Constitution as each of the previous amendments would have. We would be very interested if someone could show us an honest plan, that could pass, that achieved the additional savings envisioned by the Graham amendment. If such a plan were possible it might be appropriate to revisit this issue and attempt to resolve the other problems. For now, though, we urge our colleagues to join us in rejecting the Graham/Robb amendment.

FEBRUARY 27, 1997

VOTE NO. 19

Those opposing the motion to table contended:

We have proposed the Graham amendment because we do not want the balanced budget amendment to miss its mark. Though many Senators will vote for this Graham amendment as an effort to kill the balanced budget amendment, our intent in offering it is honestly to point out a major flaw that should be fixed. Whether the amendment is accepted or not, we will vote "yes" on final passage, but we hope that our colleagues will have first approved this Graham amendment.

As the balanced budget amendment is currently drafted, the strongest section is section 2, which will not allow the limit on the debt held by the public to be increased unless three-fifths of the whole number of each House vote for an increase. This limit is a hard-and-fast number that cannot be fudged with estimates. Members will dread being put into a situation of having to cast a vote to raise the debt limit and will thus work assiduously to avoid deficit spending.

Unfortunately, section 2 also contains the amendment's greatest flaw, because it will only apply to the debt "held by the public", which is debt that the Government owes to private entities and foreign, State, and local governments. Debts of the Federal Government that are owed to Federal programs will not be counted. Those debts are substantial, and will be even more substantial in 2002 when this amendment takes effect. In 2002, the public debt will be \$6.785 trillion, and \$2 trillion of that amount will be money that the Federal Treasury owes to Federal programs.

Under the terms of this balanced budget amendment, the \$2 trillion total in debt that is owed by the Treasury to various programs and trust funds of the Federal Government will not be counted in the debt limit because it is not debt that is "held by the public." For most of this debt, this fact does not present any type of a budgetary problem because the debt is owed to programs that are operated on a pay-go basis. These programs include Civil Service retirement, military retirement, Medicare, transportation trust funds, and unemployment compensation. Basically, funds coming into the programs roughly equal the amounts going out. (Civil Service retirement is an exception). The only reason there is a debt for such programs is that it is common to build about a 1-year cushion to guard against unforeseen shifts in funding or benefits.

For Social Security, though, the situation is different. An enormous, multi-year cushion is being built up to take care of the so-called "baby boomers" retirement. This cushion is necessary due to actuarial realities which cannot be denied. In the 30 years after World War II there was a huge increase in the number of babies born. Those babies are grown up, and they in turn are not having many children. When the baby boomers retire, they are expected to live much longer than previous retirees, and, because they had few children, there will not be many people paying into the Social Security System to pay for their retirement. The result will be fewer workers paying into the system to take care of more retirees. By 2002, when this balanced budget amendment will go into effect, there should be surpluses of \$1 trillion built up in the Social Security trust fund. In a little more than a decade nearly \$2 trillion more should accumulate. By 2012 outlays will exceed tax collections, and by 2019 outlays will exceed tax collections plus interest payments from the general fund to the Social Security trust funds. This surplus will then be drawn down, with the system going bankrupt in 2029 unless reforms are first enacted.

The way this balanced budget amendment will work is that it will cap the debt held by the public in 2002, which current estimates say will be \$4.74 trillion. That portion of the debt will remain the same, but debt owed to Social Security will climb. Total debt will climb up from \$6.7 trillion in 2002 to \$8.5 trillion as Social Security surpluses accumulate. Thus, nearly \$2 trillion in debt that is not held by the public will be incurred between 2002 and 2019. In 2019 those surpluses will total, by present estimates, \$2.8 trillion. Once Social Security outlays begin to exceed all receipts, that fund will be drawn down, and drawn down rapidly. The Federal Government will have to come up with nearly \$3 trillion in additional revenues to pay for Treasury notes as they are redeemed by Social Security. We do not believe it will be possible for the Federal Government to come up with an additional \$3 trillion in revenue in the time frame allowed if it is carrying a high debt to the public.

With the Graham amendment, though, there would only be a \$2.9 trillion non-Social Security debt in 2019, because the Graham amendment would count the additional \$2 trillion in Social Security surpluses that will be accumulated after 2002 under the debt limit. Under the Graham amendment, in 2002 the debt that would be covered by this balanced budget amendment would be all Federal debt, or approximately \$6.7 trillion, instead of just the approximately \$4.7 trillion in debt held by the public that there will be in 2002. The \$2 trillion in post-2002 Social Security surpluses would then be counted as debt, so the only way not to increase the debt limit with them would be to pay down a portion of the debt that is not owed to Social Security.

Thus, when the Social Security trust fund reached its \$3 trillion maximum, it would account for almost half the debt allowed under the \$6.7 trillion debt limit. Drawing the trust fund down would lower the total debt. Instead of replacing it with debt to the public, we believe that Congress would be able to find additional revenues because of the growth that would have come from the earlier \$2 trillion in deficit reduction.

We believe that the Graham amendment offers a much more responsible treatment of trust fund reserves. It would require steep spending cuts or tax increases now in order to avoid crippling cuts or increases in the future. We hope our colleagues will see the merit of this proposal, and will join us in opposing the motion to table.